

1 Paul W. Shakespear (14113)  
2 Cameron Cutler (15116)  
3 Natalie Beal (18311)  
4 SNELL & WILMER L.L.P  
5 15 West South Temple  
6 Suite 1200  
7 Gateway Tower West  
8 Salt Lake City, Utah 84101

6 Abram Moore (*pro hac vice*)  
7 Abe.moore@klgates.com  
8 Christian Zazzali (*pro hac vice*)  
9 Christian.zazzali@klgates.com  
10 **K&L Gates LLP**  
11 *Attorneys for Eric Schiermeyer*

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12 **IN THE UNITED STATES DISTRICT COURT**  
13 **FOR THE DISTRICT OF UTAH**

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15 ERIC SCHIERMEYER, Derivatively on Behalf  
16 of Nominal Defendant, BLOCKCHAIN GAME  
17 PARTNERS, INC. D/B/A GALA GAMES,

17 Plaintiff,

18 vs.

19 WRIGHT THURSTON and TRUE NORTH  
20 UNITED INVESTMENTS, LLC,

20 Defendants,

21 and

22 BLOCKCHAIN GAME PARTNERS, INC.  
23 D/B/A GALA GAMES,

24 Nominal Defendant.

**Case No:** 2:23-cv-00589-HCN-DAO

**DECLARATION OF ERIC  
SCHIERMEYER IN SUPPORT OF  
PLAINTIFF'S MOTION FOR  
ORDER FREEZING ASSETS, AN  
ACCOUNTING, PERMITTING  
EXPEDITED DISCOVERY AND  
OTHER ANCILLARY RELIEF**

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**DECLARATION OF ERIC SCHIERMEYER**

**DECLARATION OF ERIC SCHIERMEYER**

1  
2 1. I, Eric Schiermeyer, am the President and CEO for Blockchain Game  
3 Partners, Inc., d/b/a Gala Games (“Gala Games”). In my roles as President and CEO,  
4 I am familiar with both the day-to-day operations and the overall operations of Gala  
5 Games. As such, I have knowledge of the facts set forth herein and could and would  
6 testify competently thereto if called upon to do so. I also am familiar with the records  
7 of Gala Games, which I consulted in order to determine the numbers set forth herein,  
8 all of which are business records maintained in Gala Games’ files and systems in the  
9 ordinary course of business.

10 2. I am the Plaintiff in this action, which I brought for the benefit of Gala  
11 Games. I have personal knowledge of the facts stated herein and if called to testify I  
12 could and would competently testify thereto.

13 3. On September 14, 2020, approximately 20 billion GALA owned by Gala  
14 Games was moved from the central wallet that the Company used to conduct business  
15 (the “Company Central Wallet”) into a number of wallets to which both I and Wright  
16 Thurston had private keys (the “Company Savings Wallets”). The Company Savings  
17 Wallets held Gala Games reserves, or treasury, that the Company had received from  
18 the daily emission of GALA.

19 4. At that time, the daily emission of GALA was distributed as follows: (a)  
20 75% directly to the Company Central Wallet; and (b) 25% to be allocated among all  
21 Gala Node owners who had operated their nodes in the previous 24 hours. If Thurston  
22 or I operated our Gala Nodes on a particular day, then we received a portion of the  
23 25% of GALA that was allocated to Gala Node owners on that day.

24 5. In mid-April 2021, I discovered that roughly 8.6 billion GALA tokens  
25 that were held in the Company Savings Wallets had been moved out of those wallets  
26 (the “Stolen GALA”). I believe that a Gala Games employee brought this to my  
27 attention. The blockchain records revealed that the Stolen GALA had been quickly  
28 moved into 43 separate wallets on February 3, 2021.

1           6.       I initially believed that the Company Savings Wallets had been hacked. I  
 2 directed Gala Games to move the remaining GALA out of the Company Savings  
 3 Wallets accordingly, because I believed that they had been compromised. This  
 4 occurred within hours of learning that the Stolen GALA had been moved. I did this  
 5 solely to prevent further theft of the Company's GALA. I did not use the GALA that I  
 6 moved out of the Company Savings Wallets for my own personal benefit. It was used  
 7 exclusively for Company purposes.

8           7.       I reached out to and was ultimately able to connect with Thurston, who  
 9 told me that he had moved the Stolen GALA from the Company Savings Wallets into  
 10 wallets that he controlled (the "Thurston Wallets"). Thurston told me that he had  
 11 moved the Stolen GALA into the Thurston Wallets for safe keeping. I told him to  
 12 move the GALA back into the Company Savings Wallets and he refused.

13           8.       When I discovered that Thurston took the Stolen GALA, I went into  
 14 damage control mode. I directed Gala Games engineers to track any movement of the  
 15 Stolen GALA out of the Thurston Wallets, and they created a Slack channel that  
 16 provided alerts when Stolen GALA was moved. In July 2022, for the first time, the  
 17 channel showed that GALA had moved from the Thurston Wallets. I sent a message  
 18 to Thurston asking him why he was "moving GALA from the Company reserves."

19           9.       Thurston responded:

20                   Wren will be with me soon to talk about something liberty  
 21 put together for you and I and some of our home locations. It  
 22 has to deal with medical supplies and other emergency  
 23 preparedness supplies. You want to jump on a call in 5  
 24 min... I don't have access to any company reserves. The  
 25 only gala I have is from our early node/miner rewards. You  
 26 had the same and then the node rewards have been going to  
 27 your holding tank since then. I have moved gala several  
 28 Times to pay media + education groups, and liberty  
 sponsored projects related to kids. I also sent 200m a few  
 weeks ago that Jarret confirmed he got .We should get  
 together and audit, separate our personal holdings, and other  
 staff holdings and NFT's. You and I still have personal

1           holdings I believe for both nft + gala in the bigger holdings  
2           based on our ownership.

3           10.   Thurston's response did not make any sense: (a) he referred to holding  
4           some GALA "from our early node/miner rewards," but any GALA earned by our Gala  
5           Nodes was transferred to our respective node wallets ever since the first distribution of  
6           GALA in June 2020, while the GALA he moved had originated from the Company  
7           Central Wallet (to the Company Savings Wallets); (b) he wrote "You had the same  
8           and then the node rewards have been going to your holding tank since then" which is  
9           incomprehensible; (c) he wrote that he had "moved gala several Times" for Company  
10          purposes, which is inconsistent with his claim that he didn't "have access to the  
11          Company's reserves;" and (d) he wrote "You and I still have personal holdings I  
12          believe for both nft + gala in the bigger holdings based on our ownership" and  
13          suggested that we "get together and audit" to "separate our personal holdings," which  
14          is an admission that any purported "personal holdings" had not been separated from  
15          the "bigger holdings" (e.g. the Company treasury).

16          11.   Because Thurston's answer was inconsistent, opaque and rambling, I  
17          clarified what I was talking about by responding: "you have 8billion gala that are the  
18          company reserves and some of it moved today. why?" Thurston never responded to  
19          this message.

20          12.   A few months later, in late 2022, the Slack channel tracking the Thurston  
21          Wallets started showing multiple alerts. Jason Brink and I exchanged messages in the  
22          Slack channel expressing concern about the liquidation of the Stolen GALA. At that  
23          time, Thurston alone had the private keys to wallets holding billions of the Company's  
24          GALA and could have liquidated it immediately, causing the Gala Games ecosystem  
25          to collapse (known as a "rug pull").  
26  
27  
28

1           13. On December 28, 2022, I sent another message to Thurston, demanding  
2 that he stop selling Company GALA on Coinbase and that he “send the funds to the  
3 company bank account.”

4           14. Again, Thurston offered a meandering and muddled response, in which  
5 he denied ever selling any GALA “on coinbase,” claimed that he had no company  
6 Gala, and suggested that it must be someone else at the Company who was selling the  
7 Company GALA:

8                   A few things . . . First, a little confused by your text, I have  
9 never sold Gala on coinbase (i don't have a coinbase  
10 account, have not used coinbase in years) and I also don't  
11 have any company Gala. The biggest seller of Gala is Gala  
on genesis and other big exchanges.

12                   I am not sure who is asking finance to sell gala, but agree  
13 that gala selling gala is hurting the business. In any event, it  
14 is not me that you are referring to selling on coinbase. Gala  
15 executed a trade at genesis (under your direction I believe)  
16 to sell 100m gala at its all time lowest price yesterday the  
27th of dec - today. That would be the biggest seller and is  
probably why the price dropped again today.

17                   I also know that with FTX crisis that related parties close to  
18 them are liquidating their holdings over the last few days.  
19 Maybe this is also contributing.

20           15. Days later, on January 2, 2023, the Company Slack channel again alerted  
21 us that GALA was moved out of the Thurston Wallets. Given Thurston’s prior denial  
22 that he was responsible, I wrote to Jason Brink in the Slack channel “. . . can we  
23 confirm [Thurston] isn’t moving this? Could he have some flunky stealing from him  
24 or something? . . . can you ask him(?)” Mr. Brink and I both messaged Thurston, but  
25 he refused to respond.

26           16. At this time, I concluded that the Company had to take action to prevent  
27 Thurston from continuing to liquidate the Stolen GALA. I was hesitant to provoke  
28 Thurston in any way for concern that it might cause him to liquidate the remainder of

1 the Stolen GALA even more quickly. We were also aware that he was taking the  
 2 Stolen GALA and moving it to many different wallets, and our concern was that he  
 3 would dissipate all of the Stolen GALA immediately. We initiated the creation of  
 4 GALA v2 at the end of 2022, and it was not ready for implementation until May 2023.

5 17. By implementing GALA v2 in May 2023, we were able to ensure that  
 6 Thurston's liquidation of Company GALA from the Thurston Wallets would stop -  
 7 and we successfully prevented his liquidation of 5.1 billion of the 8.6 billion Stolen  
 8 GALA.

9 18. Having stopped the bleeding by issuing GALA v2, I then engaged in  
 10 settlement negotiations with Thurston through counsel, which extended through  
 11 August 31, 2023.

12 19. Thurston acknowledged the existence of the Company's treasury of  
 13 GALA many times in messages to me. The following are true and correct excerpts  
 14 from three WhatsApp message threads between Thurston and myself between  
 15 February 26, 2021 and March 11, 2021:

16 Thread 1

17 [2/26/21, 5:24:15 AM] Wright Thurston: K. I think we can  
 18 bring on the former head of genesis trading to help us part  
 19 time and then maybe full time. Super good conversation  
 20 with him this am

21 [2/26/21, 5:31:15 AM] Eric Schiermeyer: What do you  
 22 envision him doing?

23 [2/26/21, 5:34:30 AM] Wright Thurston: Our internal  
 24 trading desk. Managing all our crypto (we hold the keys),  
 25 get cool financial products for gala and us personally.

26 He literally was the head of grayscale trading division.  
 27 Super smart.

28 **I seriously think we could make 1-5m per month with  
 good treasury management**

Thread 2

[3/4/21, 9:53:07 AM] Wright Thurston: I fixed it when you told me last night. I accidentally reversed the change and it kept 300 on and 100 off.

Where can I check that only 100 are on now to double check?

Also was just on phone with Danny Torrey. He wants to push the accounting software and **treasury management** call to Friday at 11:30-1pm or 2-3pm est. what's best for you.

Thread 3

[3/11/21, 6:34:12 AM] Eric Schiermeyer: What's going on

[3/11/21, 7:30:34 AM] Wright Thurston: Wanted to go over agreements, **treasury management**/private keys + hard wallets move, and get in touch with new lawyer so we can have him sign a representation agreement too.

20. In the meetings regarding "treasury management," Thurston pushed for the Company to borrow against the Company's treasury of GALA. Attached as **Exhibit A** is a true and accurate copy of Thurston's email in which he encouraged the Company to borrow against the treasury holdings. The following is also a true and correct record of WhatsApp messages between Thurston and myself on January 28, 2021:

[1/28/21, 2:44:55 PM] Wright Thurston: These guys are doing a fund fir [sic] decentraland

<https://www.coindesk.com/digital-asset-manager-grayscale-eyes-defi-space-with-new-trust-filings>

[1/28/21, 2:45:39 PM] Wright Thurston: I am going to work on getting gala on here. These are the guys I have been talking with about leaning [sic] against crypto



1           21. Gala Games did not follow Thurston's plan to borrow against the GALA  
2 in the Company treasury. Instead, the Company held its GALA in the Company  
3 Savings Wallets (at least until Thurston took the Stolen GALA).

4           22. In Thurston's Declaration, he stated that I was aware and agreed to his  
5 transfer of 8.6 billion GALA out of the Company Savings Wallets and into the  
6 Thurston Wallets. This is false. I did not agree to this transaction and was not aware  
7 of it until April 2021. Nor did we discuss that I would take 8.6 billion of the GALA  
8 from the Company Savings Wallets for myself, and I never did so.

9           23. Thurston further stated that when I purportedly agreed to this transaction,  
10 I commented to him that "we were going to be billionaires" as a result of each  
11 transferring 8.6 billion Company GALA to ourselves. This is false. Thurston's  
12 statement is a misrepresentation of the words I wrote and the context of the  
13 conversation. I wrote Thurston a message on February 11, 2021, the day before Gala  
14 Games closed on its acquisition of Sandbox Games, stating "we may already be  
15 billionaires on this deal." By "this deal," I was obviously referring to the very deal  
16 with Sandbox that we were in the middle of closing. The context makes this clear.  
17 The following is a true and correct record of WhatsApp messages between Thurston  
18 and myself on February 11, 2021 (emphasis added):

19                   [2/11/21, 9:03:27 AM] Wright Thurston: Excited we will get  
20                   this done today!! We are moving in a good direction

21                   [2/11/21, 9:03:42 AM] Eric Schiermeyer: Dude we may  
22                   already be billionaires **on this deal**

23                   [2/11/21, 9:04:21 AM] Wright Thurston: So awesome.  
24                   Grateful for you and that we are friends. We are going to  
25                   change the planet. Everything lining up

26                   [2/11/21, 9:04:31 AM] Eric Schiermeyer: Me too!

27                   [2/11/21, 2:18:32 PM] Wright Thurston: BGP representation  
28                   agreement is in your email. I just signed it 30 min ago. I



1 think if sandbox good taking our the milestones we are good  
2 to go and can execute this afternoon

3 24. The next day, Thurston sent me the following WhatsApp message about  
4 the deal:

5 [2/12/21, 7:38:47 AM] Wright Thurston: Let's close  
6 sandbox today. I think we are done.

7 You sign the legal rep agreement? You good with sandbox  
8 docs?

9 They look good to you? I think they did a good job.

10 We should do a big press release today

11  
12 25. While Gala Nodes were in operation prior to June 2020, no distribution  
13 of GALA to Gala Node owners had occurred prior to that date. Instead, Gala Games  
14 tracked the operation of the Gala Nodes to ensure that all Gala Node owners received  
15 the GALA to which they were entitled when the Gala Node distribution system  
16 became operational.

17 26. Gala Games' portion of the daily distribution of GALA has always been  
18 distributed to the Company's central wallet at address  
19 0x381e840f4ebe33d0153e9a312105554594a98c42 (the "Company Central Wallet").  
20 This has been true since the very first distribution of GALA in June 2020.

21 27. When I have operated my Gala Nodes, the GALA rewards have always  
22 been distributed directly into my separate node wallet at address  
23 0x5C5F2D6b503fF195cB989cbcf73D92858c491a9, not the Company Central  
24 Wallet. This has been true since the very first distribution of GALA in June 2020.

25 28. Similarly, when Thurston operated his Gala Nodes, the GALA rewards  
26 have always been distributed into the Thurston Node Wallet  
27 (0xB84B9c91357B0029658064989007A6654868c47F), not the Company Central  
28 Wallet. This has been true since the very first distribution of GALA in June 2020.

1           29. I had little visibility into the decisions made by Thurston and his  
2 accountants regarding the tax treatment of the GALA that the Company received from  
3 the daily distribution of GALA. However, emails I have reviewed since indicate that  
4 the accountants were made aware that the Company received a daily distribution of  
5 GALA.

6           30. The Stolen GALA originated from the Company Central Wallet, as  
7 evidenced by contemporaneous documents and records on the Ethereum blockchain.  
8 Thurston's claim that the Company Central Wallet was ever a "shared wallet"  
9 between myself personally and True North and holding GALA earned from the  
10 operation of our respective Gala Nodes is false.

11           31. I did not personally contribute GALA or funds in connection with the  
12 Company's acquisition of Sandbox Games.

13           32. Thurston contends that I wrongly "[c]aused BGP to send millions of  
14 dollars of cryptocurrency to Jason Brink . . . for unapproved and unknown reasons."  
15 (Opp. at p. 12.) However, Thurston knows that, for several months, Gala Games used  
16 Brink's wallet to liquidate GALA via Binance and that the proceeds were always  
17 transferred back to the Company wallet. In fact, this is acknowledged in the  
18 Declaration of Jennifer Miller at paragraph 18.

19           33. Thurston contends that I "[c]aused BGP to distribute valuable NFTs to  
20 [myself] and select BGP employees," which should have been randomly distributed.  
21 (Opp. at p. 12.) I have no idea what this refers to, and no evidence is provided.

22           34. Finally, Thurston contends that I "[m]isappropriated millions of dollars  
23 of BGP funds, including, using company funds for buying and renting real estate for  
24 personal use, transferring company assets into [my] own name or the names of entities  
25 that" I control. (*Id.*) Again not a single particular transaction is identified. I have  
26 never purchase real estate for personal use using Company funds. There are two  
27 pieces of Company real estate that are held by limited liability companies that I  
28

1 control. Each is held pursuant to a nominee agreement under which Gala Games  
2 receives all benefits and burdens of ownership and the LLC holds bare legal title.

3 I declare, under penalty of perjury of the laws of Utah and of the United States  
4 of America that the foregoing is true and accurate.

5  
6 Dated: September 13, 2023

/s/ Eric Schiermeyer

7 Eric Schiermeyer  
8 President & CEO  
9 Blockchain Game Partners, Inc.  
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